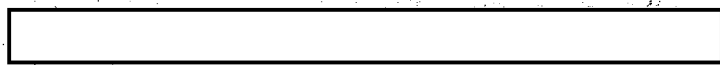


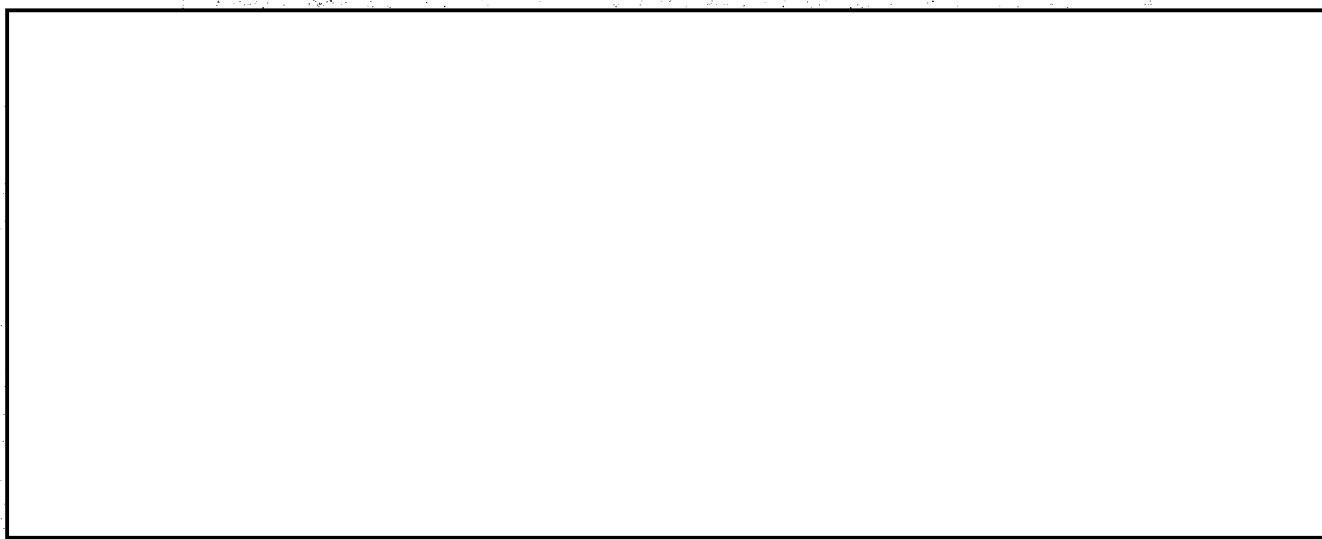
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NUMBER 11

13 April 1959

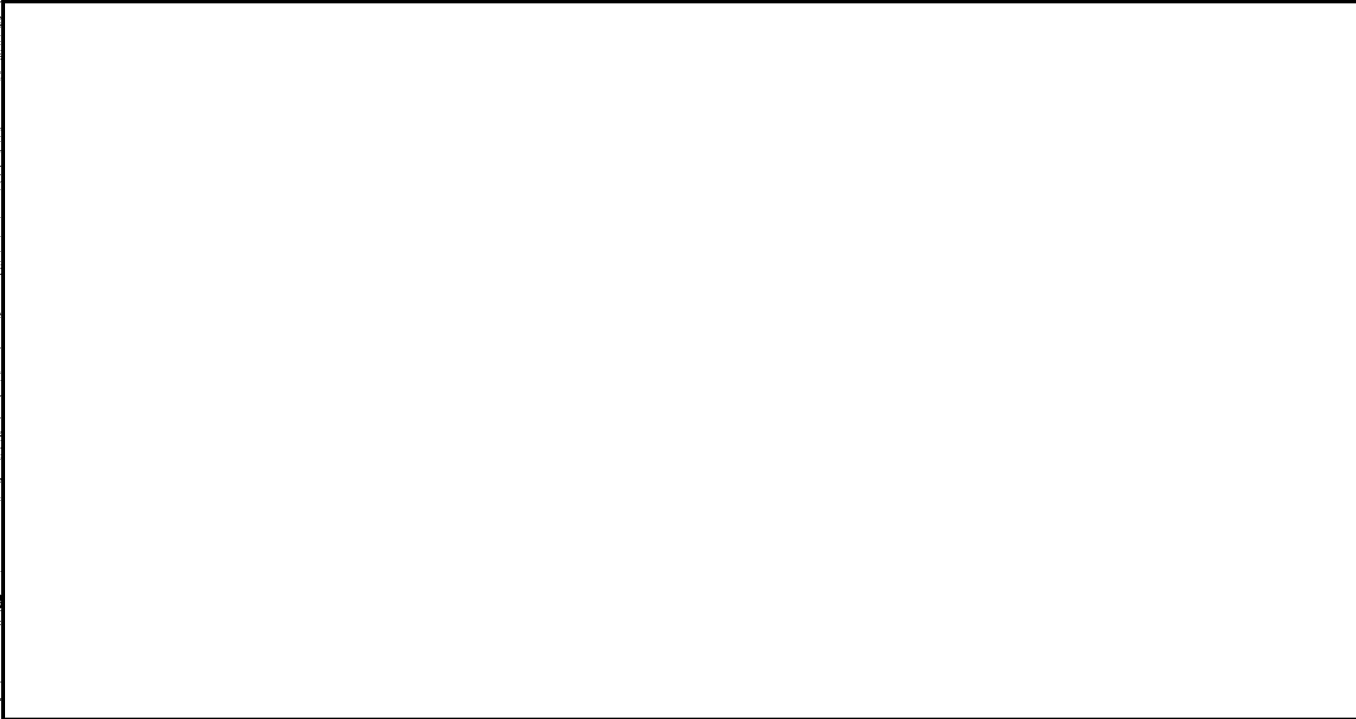
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~~SECRET~~**62. Apartheid**

The orderly development of responsible indigenous African nationalism is considered to be the most effective long-range obstacle to the spread of communism in Africa. This development requires achievement by Black Africans of dignity and self-respect as world citizens. Such achievement is most gravely threatened by repressive devices designed to perpetuate European colonial rule or white settler domination of African populations. The most brutal of these devices is the apartheid system of the Union of South Africa, the frankly repressive rule of a white minority which rigidly imposes political, educational, economic and social segregation upon the black majority. The architects and practitioners of this system are rigid dogmatists who punish deviationists as traitors. The structure they are building admits little possibility of ameliorative change from within. Yet constitutional change is the only thinkable alternative in a situation which is an open invitation to communist-assisted violent upheaval. The problem is an all-African one -- indeed Afro-Asian. South Africa's relations with India and Pakistan have long been strained and so long as she pursues her present policy she can never hope to develop normal relations with emergent Black African republics. The practice of apartheid at the continent's tip will continue to perpetuate resentment and hatred that will nourish the violent spirit on which communism feeds and will deform the nascent African personality whose development must determine the future course of the continent's history.



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63. Oil--Soviet Russia's New Political Weapon

Soviet crude oil production has nearly quadrupled since 1948. The new Seven Year Plan calls for further production increase of about 15 per cent per year, and this appears realistic in view of new Soviet oil discoveries. Within seven years the USSR expects to produce 50 per cent more oil than Venezuela does at present. The plan also calls for construction of 30,000 km. of oil pipe lines and 26,000 km. of gas lines, much of it to be used for transport toward an anticipated European market. The USSR is thus dramatically entering the ranks of major oil exporters, already supplying much of the petroleum needs of Finland, Sweden and West Germany and recently offering to ship 300,000 barrels a day to Canada at 50 cents a barrel lower than the cost of Venezuelan or Middle East crude. The USSR cannot use its increased production internally and is therefore free to use it as a readily available trade medium to pay for anticipated imports of Western machinery and industrial equipment. The USSR's position as a contender in the world petroleum export market is enhanced by the fact that centrally controlled Soviet economic policy permits offering barter deals to nations lacking hard currency and also attractive price concessions to cash customers. Increasing production and trade flexibility combine to make the USSR a dangerous competitor to Iran, Iraq, Saudi Arabia, the Persian Gulf sheikhdoms, Indonesia, and Venezuela.

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64. The New China News Agency

The NCNA is an important weapon in the Chinese's internal and external propaganda arsenal. The August 27, 1957, issue of the Peking periodical News and Publishing defines in unequivocal terms its importance as the "mouth and ear of our people, Party, and Government". Its rapid development as an efficient and massive instrument to report its version of news of the outside world to the Chinese peoples and to spread propaganda to all areas of the Free World, with particular emphasis on the un-committed nations and Latin America, is little short of alarming. Careful analysis show its operations to be as efficient and effective as those of Tass. It has a near monopoly on wire service news originating in China. NCNA personnel, in addition to those in Iron Curtain countries, are assigned to Great Britain, France, Germany (East and West), Switzerland, Yugoslavia, Iraq, the U.A.R., Yemen, Morocco, Singapore, Hong Kong, Burma, Cambodia, India, and Afghanistan. There is evidence that its best personnel are assigned to the few Western European countries and to the Middle Eastern countries where waning Western influence has permitted their penetration. An attempt to establish representation in some of the newly independent countries of Africa may be anticipated in the near future. Its external distribution includes radio-teletype in English to West and North Europe; radio-teletype in Russian for Europe and North Africa; morse service to Northeast and Southeast Asia; morse service in English especially designed for the Middle East News Agency in Cairo; morse service in English for Karachi; a radio-teletype service in Russian exclusively for Tass in Moscow; and a Hellschreiber series in English for Europe and East Asia. Its pictorial enterprises issue 20 to 30 pictures per day which are sent to 400 newspapers in China and to the press of 87 foreign countries. As might have been expected the NCNA moved quickly after the Iraq revolution of July 14. Radio Baghdad has been receiving test transmission from Peking and Iraqi news papers are receiving a feature service direct from Peking. NCNA chief correspondent Chen Po-chien has the freedom of the office of the Iraqi chief military censor.

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65. CPR National Peoples Congress

In December 1958 MAO Tse-tung announced that he would resign as chairman of the CPR. (See Item 22, Bi-Weekly Guidance No. 4 dated 5 January which this item supplements.) The Congress which is to elect MAO's successor is now scheduled to meet in Peking on 17 April. CHU Te remains MAO's probable successor; the following alternatives, however, are possible: 1. MAO remains as chief of state; 2. Mme. SOONG Ching-ling, widow of SUN Yat-sen and sister of Mm. CHIANG Kai-shek is elected to succeed MAO; 3. one of the prominent leaders associated with one or the other side of the Commune controversy is elected. There is considerable evidence of an intra-Party controversy in the Chinese Communist leadership between those persons interested primarily in orderly administrative procedures and who would prefer a slower pace in achieving the "Great Leap Forward", and the extremists who have thus far succeeded in enforcing the ruthless measures represented by the Communes.

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On 4 April 1959, Iraq and Communist China signed a cultural pact. This is but the latest example of Chicom activity in the Middle East which has grown considerably during the last three years. There are indications also of growing Chicom interest in African contacts. Chicom activity has taken a variety of forms: (1) diplomatic establishments; (2) exchanges of "unofficial" delegations; (3) propaganda (principally through the NCNA); (4) front organizations and (5) visits to the Middle East by Chicom Muslims. Communist China has diplomatic representation in the U.A.R., Iraq, Yemen, and Morocco. The Sudan recognizes Communist China, and Tunisia and Guinea have indicated a desire to establish diplomatic relations. For several years delegations of Chinese theatrical artists, trade unionists, trade officials and technical experts have visited countries of the Middle East and Africa and similar groups of Arabs and Africans have been graciously received in Red China. Chicom pictorial magazines in Arabic are more attractive and appealing than similar Soviet publications. Denied access to U.N. and subsidiary organization activities, Communist China has made energetic and successful attempts to penetrate the Afro-Asian Peoples' Solidarity Council in Cairo and to participate in such conferences as the All-African Peoples' Conference. The leading Chicom Muslim, Burhan Shahidi, has visited the Middle East and Africa, and exchanges of Muslim students are fostered. Recent reports from Morocco indicate strong feeling for Red China among the 20-to-25-year age group coupled with a growing coolness toward the Soviets. It is also significant to note that the provisional government of Algeria, which has previously stayed at arms-length from Communists, has now accepted arms support from the Chicoms.

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67. Hungary's Collectivization Drive

The Kadar regime in Hungary began an intensified agricultural collectivization drive last January. During January and February alone, one million acres of land were added to the socialized sectors, representing nearly half of the 45% of Hungary's arable land now under tight state control. The collectivization drive in Hungary -- which uses blackmail and other forms of coercion against the hostile peasantry -- proceeds at a much faster pace than in the other Satellites, and is in marked contrast to agricultural policies in Poland and Yugoslavia. Before Gomulka's return to power in October 1956, the Polish socialist agriculture sector comprised 23% of all arable land. It now totals only 13% of which only 1% is under collective farms (the balance being state-owned experimental farms). Collectivization hit its peak in Yugoslavia in 1951 when 37% of arable land was in the socialist sector. Since that time (as since Gomulka's return to power in Poland) collectivization has been de-emphasized, and today only about 3% of Yugoslavia's arable land is farmed by collectives, although cooperative marketing is encouraged. Hungary's collectivized land total now exceeds even the peak reached under the Rakosi-Stalinist period. The use of physical violence, threats of increased taxation, job-dismissal of relatives on public payrolls, refusal of educational benefits to the children of recalcitrant peasants, detentions, land expropriations, loss of transportation privileges -- all of these actions by Kadar are a draconian repudiation of Imre Nagy's program which abolished forced agricultural collectivization. It has taken Kadar 2 1/2 years to consolidate his position sufficiently to renew the pre-Nagy hard line against the peasantry.

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